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SUBJECT Vertex National Corporation in Hradec Kralove

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SUPPLEMENT TO
REPORT NO.

25X1X

25X1A

Attached for your retention is a twelve-page report on ditto, forwarded as received, on the Vertex fiber glass plant in Hradec Kralove. An evaluation of report would be appreciated.

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a letter was sent from Vertex, National Corporation, in Hradec Kralove (O51/ G 71) to the Czechoslovak Glass Enterprises, Prague II., Revolucni 2, concerning Fibre II and the production of sewn and knotted mats at Hradec Kralove as well as at another plant. The letter outlined a project to transfer part of the production of mats made of Vertex glass-fibre to another plant because of the insufficient supply of natural gas and the lack of manpower at Hradec Kralove. Two buildings were suggested as suitable for this production: the plant Igla (formerly Svit), National Corporation, at Luzice (P49/ S 86) near Hodonin (P49/ S 87) and the former testing building for aircraft engines near Podivin (P49/ S 66). Both buildings are near the main long-distance natural gas pipe-line. The necessary investments in either of the abovementioned buildings were described, in case Vertex production should be transferred to one of them. The letter pointed out that the Czechoslovak Building Plants, plant Isoxyl, Prague II., Vladislavova ul. 4, had indicated in a letter that they were willing to accept, beginning 1951, $\frac{1}{2}$ million m2 of sewn mats, which corresponds roughly to the planned capacity of the new plant. It is not known what decision the Czechoslovak Glass Enterprises have made concerning this subject. Attached to the letter was a copy of a letter to Vertex from the Czechoslovak Building Plants.

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Attachment 1 - Vertex letter with 7 appendices and copy of letter from Czechoslovak Building Plants.

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ATTACHMENT 1.

Vertex, National Corporation,
Hradec Kralove

Office for Building up of Plants
Praha II., Prikopy 24 - tel.22246

Czechoslovak Enterprises for the Manu-
facture of Glass, National Corporation,
Revolucni 2,
Praha II.

To the attention of Dr. Lewinter, central manager.

Our No. : 218/Ing.P/A

Subject : Fibre II - sewn and knotted mats,
manufacture in Hradec Kralove and
in another plant.

1. It had formerly been planned to install in the plant in Hradec Kralove three rows of 16 winding drums each. This capacity was determined on the basis of the survey of the market and consumption. The offices of the People's Self-administration (the former District National Committee in Hradec Kralove) promised to place at our disposal the required manpower, totalling 150 persons. The military authorities had no objection to the permanent setting up of the manufacture of mats in the Hradec Kralove plant.
2. The supply of gas was likewise guaranteed by the Vychodoceske plynar-ny (East Bohemian Gas Works), National Enterprise. The Gas Works pro-mised, on the basis of a written contract, to deliver 100m³ of gas per hour in the course of the year 1949, and 300m³ per hour during the year 1950, since the connection of the long-distance supply was to have been completed then. The fact is that, in view of the considerable delay in the construction, the Gas Works are not capable of supplying the gas re-gularly and in the required quantity. Apart from this, the pressure of the gas in daytime varies considerably due to the larger consumption of the town population, and the gas loses on its caloric quality and is not suitable for heating gas furnaces and for normal production, in spite of the fact that the consumption in the plant does not at present ex-ceed 100m³ per hour. In view of this, our production is necessarily limited to a small number of machines (8 to 10 at the most).
3. With the present shortage of gas and manpower, we cannot place more than one row into operation, that is 16 machines. In view of the fact that the investments are still being provided according to the original plan, they will remain unused in Hradec Kralove. The ma-chinery equipment should therefore be installed in a different loca-tion, which would provide:
(a) a sufficient supply of manpower,
(b) a sufficient supply of gas.
4. Since we cannot leave the provided investments unused, and since the demand and consumption is guaranteed in view of the rapid increase in the use of our new insulations in the pre-fabricated building structures and because of advantages of this material of entirely home origin, we propose that the second and third rows, formerly planned for the enterprise in Hradec Kralove, be installed elsewhere.
5. We have been taking note of this situation for some time and have come to the conclusion that it is not a temporary but a permanent state of affairs, and we have therefore tried to find a suitable solution for it. The setting up of the manufacture in some indus-trial area where gas is manufactured cannot be considered in view

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of the shortage of manpower. Apart from this, the Czechoslovak Power Plants were unable to guarantee the delivery of requested amounts of gas in the mentioned areas. Therefore we arrived at the conclusion that for our production an area where natural gas is available would be most convenient, predominantly an agricultural area where there is no large concentration of heavy industry and presuming that our plant would be located as near as possible to the main electric line so that investment costs would be the smallest.

6. We have made some investigations, and we have found out that at Hodonin about 3 million m³ of natural gas has not been used up this year. It is in the environs of Podivin, in the direction from Podivin to Brno (P50/ N 40). We would not consider the Brno area as far as Hustopece (P49/ S 57) suitable, Brno being a center of heavy industry. For our purpose the area from Podivin to Hustopece would be most suitable, eventually the Slovak area between Malacky (P49/ S 82) and Bratislava (P49/ X 99).
7. During investigations on the place itself we certified that the plant Igla, National Corporation, (formerly Svit) at Luzice near Hodonin would be the most suitable from the point of view of investment costs. Igla is to abandon this plant (it has 25 employees). Its disadvantage is a considerably small space for drums and very low work-shops. Part of the building has a second floor; for the location of 36 drums it would have to be enlarged. The gas pipe-line has not been established in Luzice so far; it has been planned for the third and fourth quarter of this year, however, and the planned dimensions were insufficient for our purposes. In case of selection of this plant it would be necessary to announce this to the Naftove zavody (Oil Plants), National Corporation, so that they could change the order as to the dimension of pipes to be delivered.
8. As a further choice plant we found the former testing-hall for aircraft motors near Podivin, located about 50 meters from the main long-distance pipe-line. This building has no roof and a half of it is divided by brickwalls into boxes. It is about 100 meters long, light width 12 meters, brick-built height (vyska po pozednici) five meters. It would require the removal of the inside walls, brick-filling of the walls (zazdeni sten) and of the roof without ceiling.
9. From the point of view of national economy it would be well founded to adapt this building, since the brick-work is new and the adaptation costs for our purposes would be very small. At the same time, national property would be thus preserved which otherwise would go to waste. The building has been purchased by the Oil Plants (Naftove zavody), National Corporation, which wanted to adapt it for garages. They, however, gave up this idea because of the large distance between this building and the enterprise.
10. Machine investments: These investments have been secured and the deliveries have been partly performed already. Only the transfer from one plant to another would be in question. In addition, there would be the induction and installation of the electric current net. A transformer with the capacity of 200 to 250 kVA is available in our plant at Hodonice. The primary line is about 50 meters from the plant. Because of the large amounts of air necessary for burning methan, ventilators would also have to be purchased. Besides that, the repair-shop would have to be equipped with the basic equipment.

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11. Building investments: Removing the interior walls, brick-filling of the walls (front and side) in one half of the building, concrete floors in one half of the building and erection of a roof over the whole building. The most pressing social equipment would amount to 40 workers for each shift. We wish to remark that the investments made would be of permanent value, and a really satisfactory plant would be thus gained for our purposes with a possibility of expansion over the adjacent fields.
12. As a completion of this general description we attach:
 - Appendix 1 - A project of the planned capacity.
 - Appendix 2 - A project of the repair shop, transformation station and secondary power line.
 - Appendix 3 - Plan for the needed quantity of gas, electric energy and water.
 - Appendix 4 - Specification of needed man-power.
 - Appendix 5 - Calculation of rentability.
 - Appendix 6 - Rough calculation of financial costs - divided among building and non-building investments.
 - Appendix 7 - Project of the eventual possibility for enlargement.
 A copy of a letter of the Czechoslovak Building Plants (Ceskoslovenske stavebni zavody)(CSSZ), National Corporation in Prague, Isoxyl enterprise, Prague, certifying that they are willing to accept, beginning this year, 1/2 million m2 of sewn mats - corresponding roughly to the capacity of 1000 tons.
13. Other sections of industry will use these as insulation for railroad refrigerator cars, freezing plants for meat and vegetables etc. Their consumption is also considerably large; this is, however, not included in the above assumption.
14. We consider it important to mention the fact that due to the present insufficient gas supply, the production in our plant at Hradec Kralove is not being fully exploited for the full 24 hours. Because of declining gas pressure and its caloric quality during the noon hours, it is necessary to interrupt work and just to keep the furnaces warm by heating for cold (topenim na studeno). This stoppage lasts on the average 4 hours a day. The energetic plants have been promising an improvement in this respect for quite a long time. If we consider that the improvement would shorten the time lost by half we come to the conclusion that 30% of all the time of the three-shift operation remains unexploited whereby the employees have to be paid a compensation for this time lost in the amount of average job-piece wages.
15. We beg the central office to investigate our project and let us know its decision in the shortest time possible.
16. For the sake of order we state that the plant Igla at Luzice is in the district Hodonin, county Gottwaldov (P50/ O 21); the plant Podivin is in the district Breclav P49/ S 75), county Brno.

Glass Factory Vertex, National Corporation,
Hradec Kralove
Prague offices: Praha II., Prikopy 24,

(signature illegible)

c/ Dr. Kratochvil
c/ Ing. Prouza
c/ Ing. Brynda
c/ Ing. Geschmay
c/ S. Moravek

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Appendix 1.

A Project of the Planned Capacity

Production of the fibre
 Capacity:

Daily production:

operation	24 hours
number of machines	36
output of 1 machine	100kg/24 hours
daily production	3,600 kg/24 hours

Yearly capacity:

production in one day	3,600 kg/24 hours
yearly production days	275 days/year
yearly capacity	990,000kg/year

Machine equipment:

number of machines for production of fibre	36
reserve (10%)	4
total	40
machines for sewing mats	1

Need of electric power:

36 machines a 3 kW	108 kW
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Need of gas:

total consumption of 36 furnaces	1,800,000 m3/year
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Need of air:

total consumption of 36 furnaces	2,600 m3/hour
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Manpower:

total	86
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Appendix 2:

A Project of the Repair Shop, Transformation Station and
Secondary Power Line

Maintenance, locksmith's shop, transformer station

Machine equipment:

Electric driller	1
Complete autogene set	1
Scissors for cutting plate	1
Locksmith's tables	2
Tool sets for locksmiths	3
Tool sets for electricians	2
Ball mill	1
Sorting machine	1
Grinding machine with exhaustor	1
Table for clay workers	1

Manpower:

Operation	24 hours
Number of workers	12

Need of electric power:

Electric driller	2 kW
Ball mill	5 kW
Grinding machine with exhaustor	2 kW
Sorting machine	2 kW
Total	11 kW

Transformer station:

Total need of electric power	192 kW
i.e.	240 kVA
Output of the transformer	250 kVA
Transformer	250 kVA

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Appendix 3.

Plan for the Needed Quantity of Gas, Electric Energy and Water

Need of electric power:

36 machines a 3 kW	108 kW
Locksmith's shop	11 kW
Exhaustor	3 kW
Ventilators	50 kW
Illumination	20 kW
Total	192 kW
i.e.	240 kVA

Need of gas:

Natural gas with average heating power	10,000 kcal/m ³
Consumption of one furnace in an hour	6 m ³ /hour/1 furnace
Consumption of one furnace in a day	144 m ³ /24 hours/1 furnace
Consumption of one furnace in a year with 300 work-days	43,200 m ³ /year/1 furnace
Cold heating 60 days with $\frac{1}{2}$ consumption	4,320 m ³ /year/1 furnace
Total	47,520 m ³ /year/1 furnace
Total consumption of 36 furnaces in one year	1,700,720 m ³ /year
i.e. about	1,800,000 m ³ /year

The Oil Plants, National Corporation, at Hodonin declare that the free surplus of natural gas reaches approximately 3 million m³ this year and it will be even greater in the next year.

Need of air:

For 1 m ³ of natural gas	12 m ³ air are necessary
One furnace needs	72 m ³ /hour
For 36 furnaces	2,600 m ³ /hour

Need of water:

50 l/one person x 125	6,250 l/day
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Appendix 4.

Specification of Needed Manpower

Manpower:

Production of fibre	86
Locksmith's shop, maintenance	12
Auxiliary shops, offices	14
Total	112
10% absence	13
Total	125

Men cca	100
Women cca	25
Total	125

Operation in fibre production,	
locksmith's shop	24 hours
Auxiliary operations	16 hours

As far as manpower is concerned only informative negotiations were held with representatives of people's administration and this question will have to be still discussed with representatives of the County National Committee - Section V. in Brno.

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Appendix 5.

Calculation of Rentability

Capacity	1,000 t./year	
i.e.	500,000 m2	
Planned price		
50.- Kcs per 1m2 mats/2 cm		
i.e. 500.000 m2 x 50		25.000,000.- Kcs
Costs:		
Raw materials:		
Glass including transport 3.- Kcs per 1 kg		
i.e. 1,200 t x 3,000.- Kcs		3,600,000.- "
Cordonettes need 10 threads - 12gr for m2		
500.- Kcs/kg, i.e. 6,30/m2		
i.e. 500,000 m2 at 6,30		3.150,000.- "
Gas:		
For 36 furnaces 1.800,000m3/year at 3.- Kcs	5.400,000.- "	
(The calculation of gas has been meanwhile done on the basis of caloric value of coal-gas - 4,000 kcal for m3 and natural gas 10,000 kcal/m3, the price of coal-gas is Kcs 1,20.- natural-gas Kcs 3.-).		
Wages:		
125 employees at 50,000.- Kcs per employee	6.250,000.- "	
Social costs 40%	2.500,000.- "	
Miscellaneous:		
(transport, covers, etc.)	1.064,000.- "	
Total		21.964,000.- Kcs

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Appendix 6.

Rough Calculation of Financial Costs Divided among Building
and Non-building Investments

Building construction expenses:

Taking-over price of the object, incl. the building plot	1.000,000.- Kcs	
Adaptation of buildings	3.500,000.- "	
Social arrangements, auxiliary workshops, trafo	1.000,000.- "	
Total	5.500,000.- Kcs	4% 220,000.- Kcs

Non-building expenses:

Amortization makes in the average 20% of the machine equipment, with costs for one drum, complete, 200,000.- i.e. 8.000,000	20% 1.600.000.- Kcs
Other machine equipment	500,000.- Kcs 10% 50,000.- "
Motor vehicle and operation	300,000.- " 33% 100,000.- "
Interests on investment ca- pital 13,800,000.-	4% 572,000.- "
Total	2.542,000.- Kcs

Production expenses

Total	21.964,000.- Kcs
Net profit	24.506,000.- Kcs
Total	494,000.- Kcs
	25.000,000.- Kcs

Productivity:

For one employee in one year	25,000,000 : 125	200,000.- Kcs
in one month		16,600.- Kcs

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Appendix 7.

Project of the Eventual Possibility for Enlargement

The plan has been based on the yearly capacity of 1000 tons. The Czechoslovak Building Plants alone will take this amount. As there is further need for mats, not planned so far, i.e. for use in insulating railroad refrigerator vans, freezing plants, boilers, etc. the production will grow further. The surrounding fields are at our disposal so that expansion is possible.

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Czechoslovak Building Plants, National Corporation,
Iscoxyl,
Praha II., Vladislavova 4.

Glass Factory Vertex, National Corporation,
Hradec Kralove,
Prisopy 24
Praha II.

Section: Supply

Ck/Br

27 March 1955

Subject: Deliveries of pillows made of glass wool.

Reference is being made to our telephone discussion of today with your Mt. Ing. (fnu) Pryl on the subject of deliveries of pillows made of glass chip and we wish to inform you that we are willing to take over from you this year glass pillows
GKZ 10, number of planning group 21131, No. 76, in amount of 500,000 m2/2 cm
i.e. ca five times your present capacity. We have noted already in our preliminary contract for the first and second quarter of this year that we shall accept any amount of pillows produced in the super-plan, what we want to certify once more today by this letter.

We thank you for the present cooperation which was extremely pleasant and we remain with salutes,

Vivat the Five Year Plan.

Czechoslovak Building Plants,
National Corporation, Iscoxyl,
heat, tune insulation and xy-
lolite, supply section,

2 illegible signatures.

Ref. Cizek.

Our remarks:

500,000 m2/ 2 cm = 1,000,000 kg; 1 m2/ 2 cm = 2 kg.

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